

Message Text

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PAGE 01 STATE 000065
ORIGIN TRSE-00

INFO OCT-01 EUR-12 IO-13 ISO-00 EB-07 STR-04 COME-00 XMB-02
AGRE-00 CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05
CIEP-01 SS-15 ITC-01 USIA-06 PRS-01 SP-02 OMB-01
FEA-01 EA-07 NEA-10 OPIC-03 SIL-01 /123 R

DRAFTED BY TREASURY:MRYSS/OUELLETTE
APPROVED BY EB/OT/TA:GLSTREEB
TREAS:VASTINE
STR:BWILSON
COMMERCE:BFRANCIS
TREAS:WIDMAN
STATE:RMEYER
XMB:JTALBOT

-----032327Z 059839 /72-62

R 021609Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY LONDON
INFO USMISSION EC BRUSSELS
USMISSION GENEVA
USMISSION OECD PARIS
AMEMBASSY OTTAWA

C O N F I D E N T I A L STATE 000065

GENEVA FOR GATT

E.O. 11652:

TAGS:

SUBJECT: EXTENSION OF UK EXPORT INFLATION INSURANCE SCHEME

1. WE APPRECIATE EMBASSY LONDON'S VIEW (PARA 5, REF C)
THAT WE SHOULD MAKE LOW-KEY REPRESENTATIONS OF REGRET, BUT
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FEEL, DESPITE ANNOUNCEMENT BY CHANCELLOR, EXPORT INFLATION
INSURANCE SCHEME IS NOT OF MAJOR IMPORTANCE TO UK AND THAT
TERMINATION WOULD SO SUBSTANTIALLY ENHANCE INTERNATIONAL
EFFORT TO END THIS PRACTICE, THAT WE SHOULD ASK UKG TO
RECONSIDER EXTENSION OF EXPORT INFLATION SCHEME. EMBASSY,
THEREFORE, REQUESTED MAKE REPRESENTATIONS AT HIGH LEVEL
AT APPROPRIATE DEPARTMENTS AND SHOULD INCLUDE FOLLOWING

POINTS IN THESE REPRESENTATIONS:

2. THE US SERIOUSLY REGRETS INDICATION IN THE CHANCELLOR'S STATEMENT ON EXPORT CREDITS IN THE MINI-BUDGET (REFTEL B) THAT -THE UK WOULD CONTINUE ITS EXPORT INFLATION INSURANCE

SCHEME FOR A FURTHER YEAR. WE HOPE UK GOVERNMENT WILL RECONSIDER AND ALLOW EXPORT INFLATION INSURANCE PROGRAM TO LAPSE, THEREBY PROVIDING POSITIVE IMPETUS FOR THE ELIMINATION OF THIS TYPE OF SCHEME BY OTHER COUNTRIES AND REINFORCING THE INTEREST IN COOPERATIVE EFFORT TO END TRADE DISTORTING MEASURES.

3. AS YOU KNOW, THE US POSITION REGARDING THESE PROGRAMS IS THAT (A) THEY INTRODUCE DISTORTIONS IN THE INTERNATIONAL TRADE IN CAPITAL GOODS BY GIVING BENEFICIARY EXPORTERS SUBSTANTIAL BIDDING ADVANTAGES, (B) THEY ARE EXPORT SUBSIDIES INCONSISTENT WITH GATT ARTICLE XVI, AND (C) THEY SHOULD BE TERMINATED QUICKLY. A GATT WP IS CURRENTLY REVIEWING THESE PROGRAMS, AND SEVERAL WP MEMBERS, INCLUDING THE US, HAVE URGED THAT THEY BE TERMINATED. THEY ARE ALSO UNDER CONSIDERATION IN THE OECD/ECG.

4. LACK OF USE OF THE EXPORT INFLATION BY UK EXPORTERS IN THE PAST INDICATES THAT THE UK DOES NOT NEED THIS PROGRAM TO EXPAND EXPORTS. FURTHER, WE BELIEVE THAT THE UK'S CURRENT STABILIZATION PROGRAM IS THE APPROPRIATE BASIS FOR INCREASING THE COMPETITIVENESS OF UK EXPORTS.
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5. ACCORDINGLY, WE URGE UK GOVERNMENT TO RECONSIDER THE PROPOSED EXTENSION OF THIS SCHEME. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, INFLATION, INSURANCE
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE000065
Document Source: CORE
Document Unique ID: 00
Drafter: MRYSS/OUELLETTTE
Enclosure: GS PER G L STREEB TEL CONVERSATION
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770002-0528
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770186/aaaacxjs.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Message ID: b7e7e4dd-c288-dd11-92da-001cc4696bcc
Office: ORIGIN TRSE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3675564
Secure: OPEN
Status: NATIVE
Subject: EXTENSION OF UK EXPORT INFLATION INSURANCE SCHEME
TAGS: ETRD, ECON, EFIN, UK, US
To: LONDON
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b7e7e4dd-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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